



Capital Assets	
<b>POLICY #416</b>	Page 1 of 3
<b>Effective Date: 3/15/2023</b> <b>Prior Version Date(s):</b>	Approved 3/15/2023 by Secretary Josette Manning

## 1. Policy Purpose

To improve financial reporting, accountability, and operational efficiencies in managing capital assets (CAP) and non-capital (NOCAP) assets for the Department of Services for Children, Youth, and Their Families (DSCYF).

## 2. Scope

This policy applies to all capital and non-capital assets managed by the department.

## 3. Policy / Procedures

DSCYF follows the State of Delaware's Capital Asset Management Policy as stated in Chapter 13 of the Budget and Accounting Manual (BAM). The Division of Management Support Services (DMSS) fiscal accounting services (FAS) is responsible for ensuring DSCYF's compliance with the state's capital and non-capital asset accounting and reporting policies, procedures, guidelines, and standards. The DMSS management and information services unit is responsible for establishing and maintaining information technology (IT) physical inventory logs. DMSS facilities maintenance is responsible for establishing and maintaining property and physical inventory control logs for non-IT items.

Purchase orders are required for all assets costing \$10,000 or more, including assets purchased with a state issued purchasing card (PCard).

### Procedures for Capital Assets

Capital assets such as land, land improvements, buildings, machinery, equipment, and infrastructure are reported and entered by fiscal accounting services into First State Financials (FSF) via coding on the asset's purchase order (PO) or voucher. In the event asset information is not captured in FSF prior to payment, fiscal accounting will request that the Division of Accounting Central Asset Management team (CAM) manually add the asset. The request is submitted using the asset management change request form (AM002).

Assets that meet the state's thresholds are tracked in FSF according to the following classification requirements:

Asset Classification	State Requirement	BAM Reference
Buildings	All Buildings	13.5.1
Building Improvements	≥\$100,000	13.5.2
Easements	All Easements	13.5.8.1
Infrastructure	≥\$1,000,000	13.5.3
Land	All Land	13.5.4
Land Improvements	≥\$100,000	13.5.5
Leasehold Improvement	≥\$100,000	13.5.6
Leased Assets	See Specific Asset Class	13.5.7
Software	≥\$1,000,000	13.5.8.2
Vehicles, Furniture and Equipment	≥\$25,000	13.5.9
Works of Art and Historical Treasures	Not Capitalized	13.5.10

- A. Future assets classified as construction-work-in-progress (CWIP) and software-work-in-progress (SWIP) are tracked by fiscal accounting and reported as part of the annual Generally Accepted Accounting Principles (GAAP) package. Upon completion of the project, the asset is added to FSF and no longer reported in the GAAP package [BAM 13.10].
- B. For new buildings or renovations that meet the classification requirements and utilize minor capital improvement funds, the Office of Management and Budget (OMB) facilities management will manage and track the asset until the project is complete. OMB will prepare and submit the AM002 form to CAM to add the asset at completion. In addition, OMB will prepare and submit the asset management department transfer/cost adjustment request form (AM003) to CAM to initiate the asset transfer to DSCYF. Once CAM receives the asset transfer request, CAM contacts DSCYF fiscal accounting to request the asset location code and department ID to transfer the asset manually in FSF.
- C. For cost adjustments and transfers, fiscal accounting will prepare and submit the AM003 form to CAM to transfer or adjust the cost of the asset in FSF.
- D. When capital asset items are to be disposed of or retired, the purchasing division/program/unit submits a Delaware Surplus Service Excess Property form to OMB government support services (GSS) and a copy to fiscal accounting services. After the asset has been approved by OMB/GSS for disposal, fiscal accounting services will submit the disposal worksheet in FSF. CAM will process the worksheet to dispose or retire the asset and send confirmation upon completion [BAM 13.8.2].
- E. The DMSS management information services and facilities maintenance units will maintain a current listing of all capital assets in accordance with Chapter 13 of the

State Budget and Accounting Policy Manual. Prior to the preparation of the GAAP package, fiscal accounting services distributes the capital assets by location report (DAM002CA) to facilities maintenance and management information services so they can conduct an inventory of each item listed on the report and report any discrepancies to fiscal accounting services. After discrepancies are resolved and the inventory is updated, fiscal accounting services submits verification of capital assets to the Division of Accounting (DOA). A physical inventory must be completed, and a certification forwarded to DOA by the end of May of the current fiscal year in which the inventory was taken. Documentation must be maintained in support of each year's physical inventory until three years after the completion of a successful audit [BAM 13.6].

### **Procedures for Federal Capital and Non-Capital Assets**

DSCYF is required to track assets purchased using federal funds with a unit cost of \$5,000.00 to \$24,999.99 as a NOCAP asset and assuring that all federally funded assets valued above \$25,000 are entered in First State Financials (FSF) as a capital asset [BAM 13.2.3]. The purchasing division/program/unit must note the pending purchase of federally funded CAP and NOCAP assets on the requisition so that fiscal accounting services can properly enter them in FSF by identifying them on the purchase order (PO) or voucher. If the NOCAP asset information is not captured in FSF prior to payment, fiscal accounting will add the NOCAP asset manually.

For asset disposal or retirement, the purchasing division/program/unit submits a Delaware Surplus Service Excess Property form to OMB/GSS and a copy to fiscal accounting services. After the asset has been approved by OMB/GSS for disposal, fiscal accounting services will process the appropriate update to dispose or retire the asset in FSF.

### **Inventory Control for Non-Capital Assets**

The DMSS management and information services unit maintains a property listing of non-capital (NOCAP) IT items such as personal computers, laptops, and printers to verify the existence, location and condition of these items and is responsible for their determining their useful life and scheduled disposal.

## **4. Legal Authority / Associated Regulations/Requirements**

[State of Delaware Budget and Accounting Policy Manual, Chapter 13.](#)

## **5. Responsibility for this Policy**

The DMSS fiscal and accounting unit is responsible for providing guidance related to this policy.